

23 May 2011

## Sugar

Commodity	Contract	Recommendations
Sugar NCDEX	Jun-11	Sell at 2710 TP 2660 SL 2742
Sugar MCX	Jun-11	Sell at 2710 TP 2660 SL 2742

### Market Recap:

Bearish trend in sugar futures continued during the week ended on May 23 on lack of active buying interest from stokiist. From the beginning of the week, the sugar futures showed a negative trend witnessing a heavy selling pressure. Due to the reduced demand from whole seller and retailer also added to the downside. Millers were offering sugar at lower prices as they didn't wanted to pile up huge inventory before the announcement of new sales quota. However, towards the closing of the week prices witnessed smart recovery on short covering but trend remain down side biased and futures closed in red with loss of 2% W/W.

### Futures price movement

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	2678.00	2686.00	2672.00	2684.00	0.04%	1820	-94.85%	19930	-15.08%
Jul-11	2706.00	2706.00	2696.00	2702.00	-0.30%	720	-95.21%	9550	-4.02%
Aug-11	2726.00	2730.00	2720.00	2730.00	-0.22%	40	-97.86%	9550	915.96%

MCX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	2686.00	2694.00	2674.00	2692.00	0.07%	99	-94.92%	422	11.94%
Jul-11	2707.00	2723.00	2707.00	2711.00	-0.26%	100	-91.45%	332	33.33%
Aug-11	2796.00	2798.00	2707.00	2718.00	-2.72%	1170	-0.17%	332	33.33%

### Outlook

The sugar futures are expected to continue the bearish trend on follow through selling taking cues from down spot market activity. However, initially prices might take smart recovery on short covering creating further selling opportunity in market. Due to the month end demand from retailers is also remaining subdued which might also add to the bearishness in prices. Millers are ready to sell their produce at lower prices as they want to reduce the inventory. Surplus at major spot market across India is likely to weigh on prices. However, end of crushing season might limit the losses during the week. Government decision to export 500,000 tons of sugar and revision is stock limit is attracting stockists and exporters to buy sugar. Nonetheless, overall trend is likely to remain downside biased on prevailing subdued demand. Derivative analysis also suggests that fall in prices and open interest along with rise in volumes indicates a bearish trend to continue in near term.

### Spread Matrix

Spread Matrix			
	Jun-11	Jul-11	Aug-11
Jun-11	0		
Jul-11	18	0	
Aug-11	46	28	0

## Spot Prices (Sugar - M30)

Date	Kolhapur	Muzaffarnagar	Kolkata	Delhi
16-05-2011	2688.85	2948.90	2950.00	2905.00
18-05-2011	2687.50	2947.50	2925.00	2890.00
19-05-2011	2680.00	2940.00	2934.40	2895.00
20-05-2011	2688.95	2932.15	2933.35	2885.00

## Warehouse stock level (as on May 20, 2011)

Commodity	Place	Demat	In Process
Sugar M	Kolhapur	1854	0
Sugar S	Kolhapur	1200	-

## Pivot Table (Sugar M)

Exchange	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX	Jun-11	2667	2675	2684	2689	2695
	Jul-11	2691	2697	2702	2707	2711
	Aug-11	2717	2723	2730	2733	2737
MCX	Jun-11	2667	2679	2692	2699	2707
	Jul-11	2698	2704	2711	2720	2730
	Aug-11	2650	2684	2718	2775	2832

## International Market

International Market						
Exchange	Contract	Open	High	Low	Close	% Change
ICE (cents/lb)	Jul-11	21.45	22.95	21.10	22.41	4.48%
	Oct-11	21.45	22.40	20.86	22.07	2.94%
	Mar-12	21.85	22.38	21.10	22.34	2.20%
LIFFE (\$/MT)	Aug-11	602.8	634.7	596.2	625.3	3.73%
	Oct-11	575.3	594.4	558.6	586.5	1.72%
	Dec-11	576.6	594.8	564.2	586.3	-31.47%

## Technical recommendations: International market

Commodity	Contract	Recommendations
Sugar ICE	Jul-11	Sell at 22.60 TP 21 SL 23.20
Sugar LIFFE	Aug-11	Buy at 617 TP 645-656 SL 602

# Sugar Weekly



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